Interbrand

Move

BEYOND AUTOMOTIVE

Automotive & mobility is one of the most fast-changing, disruption-prone sectors in our Best Global Brands 2019 study. Here's our in-depth analysis

Interbrand

Best Global Brands 2019

The ranking of the 100 most valuable global brands

CONTENTS

FAST-MOVING CHALLENGES

Best Global Brands 2019 features a large number of automotive brands, many of them well-known, globally-respected and long-established. However, this is one of the sectors with the biggest, scariest challenges looming in the near future. Its overall growth rate is nowhere near that of the booming technology sector, which is in many ways a potential rival, and there's a perfect storm of technological, geopolitical, regulatory and societal factors combining to make their business landscape look more like a minefield.

But the smarter automotive brands are already readying their strategy to deal with the fast-changing demands of their customers and the threats posed by shifts in consumption and purchasing patterns. The category is ripe for an iconic move by one or more of the major brands, whether automotive or technology, which will define how their future pans out.

This is going to be a fascinating period of disruption and change, and inside you'll find our overview of the sector, some very interesting inside information on how some of the biggest players see their strategy evolving, and our expert recommendations for how brands can learn to cope with the turbulence.

Some of it's not a comfortable read, but it's vital to know what's coming down the road towards you. The information in this report will, we believe, form part of that crucial navigation guide to the automotive future.

20 YEARS OF GREAT GLOBAL BRANDS

Charles Trevail
Global Chief Executive Officer
Interbrand

Thirty years ago, we asked ourselves about the nuanced relationship between brand and business performance; 'How much is a brand worth?' and 'How can we track and improve its performance over time?' Aiming to answer questions of this kind, we built the world's first accredited brand valuation methodology.

In the past 30 years, we have conducted thousands of brand valuation exercises, underpinned by our proprietary Brand Strength framework, to help businesses create roadmaps to stronger brands and customer experiences. In 2000 we published our first ranking of the most valuable brands in the world, and this year we are celebrating its 20th anniversary.

Twenty years of brand valuation data has many stories to tell. Only 31 brands (eg Disney, Nike, and Gucci) from the 2000 ranking remain on the table today; 137 brands (Marlboro, Nokia, and MTV, to name a few) have come and gone in the intervening years. Coca-Cola and Microsoft are the only brands to have retained top ten spots. In 2001 (the first year in which the table included 100 brands), the cumulative brand value residing in the world's top 100 brands was $988B. Today, that value stands at $2.1T— representing a 4.4% average CAGR and more than 2.1x increase in total value. These figures behind Best Global Brands tell a clear story: in such a fluid market landscape, investing in brand is key to long-term success.

Move: CEO's View

31
Brands from the 1999 ranking which remain on the table today

137
Brands which have come and gone in the intervening years

$2.1Tr
Cumulative brand value residing in the world's top 100 brands

Today, there is no question as to whether brands have intrinsic value or not. Millennials and Gen Z continue to push companies to redefine what effective brand-building means — and increasingly, what it means to be a truly valuable brand in their eyes. With ever-savvier consumer bases, brands are expected to act in line with their customers' values. Consumers expect not just engaging experiences, but bold actions that transform traditional categories and help make the world a better place. While it's an exciting time to be a brand leader, a far more dynamic landscape means brand building is more difficult than ever.

THE FASTEST GROWING BRANDS ARE MAKING WHAT WE CALL 'ICONIC MOVES'

What we are seeing in this evolving market landscape, where customers' expectations are moving faster than a company's ability to respond, is that incremental moves can only keep you in the game for the short term.

The fastest growing brands are making what we call Iconic Moves – the big bets that transform the way customers interact with brands. When executed successfully, Iconic Moves reframe customer expectations and result in temporary market monopolies and noteworthy brand and business successes.

As brands have evolved to meet customer expectations, so have we. Our valuation methodology remains foundational, but our consultative approach has shifted from static frameworks to dynamic models. While successful brands possess a set of common attributes, brands' positions are a moving target. We have therefore altered our way of working to see brands as they truly are – dynamic, flexible, multi-faceted assets. Using our proprietary Human Truths methodology (to understand customer trajectories), Brand Economics (to identify the business opportunity) and Brand Experience (to make real change within a business), brands can spark customer desire and drive extraordinary results. We call this approach Interbrand Thinking – an interdisciplinary approach that addresses business challenges through the lens of brand.

At this point of inflection, we look backwards to look forward. Twenty years of data and insights have provided us with a lens with which we can help deliver Iconic Moves for brands across countries and continents. Today, on the 20th anniversary of Best Global Brands, we're excited to share our Iconic Moves thinking and invite you to join the discussion. Welcome to Best Global Brands 2019.

Interbrand Best Global Brands 2019

AUTOMOTIVE

Brand	Rank 2019	Rank 2018	Value 2019 ($ USD m)	Value Growth
Toyota	7	7	56,246	**5%**
Mercedes-Benz	8	8	50,832	**5%**
BMW	11	(13)	41,440	**1%**
Honda	21	(20)	24,422	**3%**
Ford	35	35	14,325	**2%**
Hyundai	36	36	14,156	**5%**
Volkswagen	40	(41)	12,921	**6%**
Audi	42	42	12,689	**4%**
Porsche	50	(52)	11,652	**9%**
Nissan	52	(40)	11,502	**-6%**
Ferrari	77	(80)	6,458	**12%**
Kia	78	(71)	6,428	**-7%**
Land Rover	85	(78)	5,855	**-6%**
MINI	90	90	5,532	**5%**
Harley-Davidson	99	(93)	4,793	**-7%**

__DISCLAIMER:__ The Interbrand Best Global Brands is provided by Interbrand for informational purposes only, and is based on methodology that includes subjective components. It should not be construed as a recommendation or advice. You can view the full Terms and Conditions of accessing the Interbrand Best Global Brands rankings at: https://www.interbrand.com/best-global-brands-terms-and-conditions/

AUTOMOTIVE RISERS & FALLERS 2019

The highest riser in the automotive sector this year was Ferrari with a 12% increase in brand value over the year, from $5,760m to $6,458m. However, the luxury sports car maker only ranks at number 77, up from 2018's 80, and it's the 21st biggest riser overall, underlining the fact that while their cars may be superfast, the sector overall has shown relatively sluggish performance.

Down at the other end of the table, Kia has dropped 7% and 7 places. The Korean brand, a sister to the solidly stable Hyundai, may well be suffering slightly as it tries to reposition itself from a maker of economy cars to a more upmarket image with smartly designed, if still moderately priced, offerings like the new Stinger sedan/coupé. Shifting from a low-end offering to becoming a Volkswagen rival is an ambitious aim, but they may well get there given time.

The venerable, iconic all-American brand Harley-Davidson is another faller, also dropping 7%, but sliding six places, which leaves it hovering close to the bottom of our rankings in 99th place.

The motorcycle maker has been suffering for some time with a customer base which is ageing out of its market and a conservative, unexciting product range. However, in a bold business move the firm has just announced its first electric motorbikes, which puts them well ahead of many rivals. Only time will tell if this brave leap into the future will succeed, but it's a creditable attempt to reboot the brand's appeal and customer profile.

ROLE OF BRAND IN AUTOMOTIVE PURCHASING 2019: 42%

The percentage for the automotive sector contrasts with that of less glamorous sectors such as energy or financial services, which score 20% this year. However, automotive is placed sixth in our rankings this year behind luxury, at a predictably high 67%, beverages, alcohol, sporting goods and media.

Does that mean that the automotive sector is sliding towards becoming a distress purchase rather than a coveted lifestyle choice? Not really, not yet.

But it's a statistic that auto manufacturers should keep a close eye on while they navigate the transition from personal purchasing to leasing, sharing or hailing as a consumer model. Do people really care which badge is on the taxi or robocar your app just summoned? It's a question that is on the minds of many in the industry at the moment.

The Role of Brand figure measures the portion of the purchase decision attributable purely to the brand rather than other factors such as price, convenience or product features. The Role of Brand Index (RBI) quantifies this as a percentage.

RBI determinations for Best Global Brands derive, depending on the brand, from one of three methods: primary research, a review of historical roles of brands for companies in that industry, or expert panel assessment.

42%

Average role of Brand in Automotive Purchasing 2019

12%

Ferrari's increase in brand value over the year though it only ranks 77 in the Best Global Brands

99th

Place for iconic American brand Harley-Davidson, dropping 7% to leave it hovering close to the bottom of our ranking

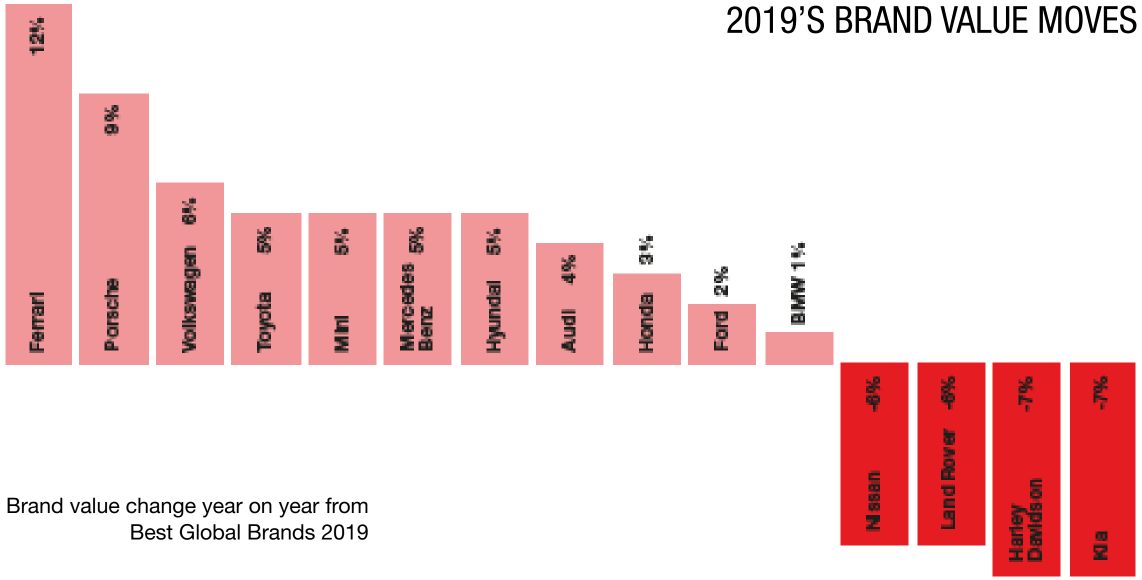
DRIVING TO THE FUTURE

Automotive brands have always valued speed. But the speed of change is now a big problem for many of the world's most iconic and long-lived companies. Here's how they could start steering towards future success

Pressure on automotive brands is coming from many directions. Shifting customer desire is one – do young people actually want to own a car? And do they care which badge it wears? Then there are new entrants to the market such as Tesla, with its eco-friendly electric powertrains and desirable Apple-like high-tech branding. Then there are the impacts of technology changes including location-based mobile computing which could soon enable self-driving vehicles, new power sources, a fast-changing legislative landscape and much, much more.

The more traditional brands have been struggling to adapt to the pace of these changes; a manufacturing-led industry in which the product development cycle is measured in years will always struggle to match the super-speed of today's customer experiences, like smartphone software updates and on-demand retail. Automotive companies are ▶

2019'S BRAND VALUE MOVES



Brand value change year on year from Best Global Brands 2019

▶ inevitably in the business of manufacturing fixed physical hardware, while consumers are feeling the benefits of software's flexibility.

But it's still a large sector with a proliferation of high-profile brands. There are 15 representatives in the 2019 Best Global Brands ranking, the largest sector representation across the entire report, and one which boasts $279 billion of combined brand value. Automotive brands are represented across almost every decile in the report, with Toyota claiming the top automotive spot and the #7 overall ranking. However, while it has the most brands in the 2019 report, cumulative brand value growth is the slowest among all sectors at a mere 3%.

It is good that the sector still experienced some brand growth – however, both its size and growth rate were beaten by other verticals. The brand value for the tech sector is over twice as large and growing at twice the pace with approximately half the representation (nine technology brands made it into our list). Uber, of course, is a strong new entrant into this year's Best Global Brands; arguably a tech company, they've had a huge impact on the automotive sector.

Technology is one of the key transforming forces in the automotive industry (see our panel on ACES) and this raises an intriguing question: Should automotive brands try to become technology companies? And do they even have a choice? Take a look at our Iconic Moves panel a few pages on to see some ideas for brands stuck in this tech trap.

Change in the automotive sector is coming thick and fast, but it's by no means uniform, either socially or globally. Younger customers' expectations and desires are different from their parents'; new and fast-developing markets in Asia and elsewhere have very different ideas of brand value and execution.

In China, for example, the government's enforced push towards electric vehicles in urban areas, the country's vast size and heavily congested megacities, and the customers' desires and needs, which are very different from those of the US or European markets, have produced a very specific and unusual brand landscape which poses unique challenges.

Vehicles often have to be designed to carry three generations, for instance, to fit in with the Chinese social system. Interior space, equipment and comfort are very important, largely due to the amount of time buyers are likely to spend in stationary traffic. But the long period of communist rule during which the average person could not gain access to a car, let alone a high-quality one, means that China has almost entirely missed out on other markets' respect for a brand's heritage of speed and performance. China, though, is coming to join the global automotive industry, and its ambitions will not be satisfied with a minor role. We confidently predict that Chinese brands will be featuring in our list before too long, and other Asian countries like South Korea, India and Vietnam are also on the way, if at different speeds, to building sizeable presences in the automotive sector.

"

Should automotive brands try to become technology companies? And do they even have a choice?

The automotive landscape is often viewed through the prism of a young, urban customer base who, we are told, value ride sharing and mixed-mobility solutions, and have a high degree of desire for environmentally-friendly transport. However, with an aging population in many countries and still a sizeable number of more traditional, rural or suburban residents, how does that affect the speed of progress towards a high-tech future?

While the iconic blue-oval-badged brand Ford (number 35 in this year's list) talks a good game about future mobility and the environment, it still relies heavily on its ultra-traditional gasoline-engine F-series trucks to drive profits. That sector of the market is strong globally as well as in the USA. Brands like GM's Chevrolet and GMC, Chrysler's Ram and Jeep, plus non-US marques like Mitsubishi, Toyota, Nissan, Fiat and even Mercedes all make vehicles for that lucrative market. How do those fit in to an autonomous, electric, shared future? They don't. But legacy vehicle types certainly shouldn't be written off too quickly.

Other brands, conversely, are rushing to try and define themselves as part of the future – Volkswagen, for instance (#40 in this year's list) is trying hard to shift public perceptions of their brand after a damaging diesel emissions scandal, and is currently advertising its new all-electric range. The only snag is that those cars won't be available for a considerable time – in some cases several years. But when, or if, electric car uptake spikes, VW hopes they'll be seen as a strong contender in that space.

Others are spawning sub-brands or distinctly-badged model ranges in an attempt to define a different brand space, like Volvo's Polestar, Audi's e-tron and Chinese conglomerate Geely's Lynk & Co. It's one way to play with new customer experiences, powertrain options or buying models without scaring brands' less radical customers.

It's more proof that for automotive brands, there is no one-size-fits-all solution to the challenges of the near and far future. Doing nothing will not be an option for long, however. Read on for our recommendations of what automotive brands need to do next…

$279bn

The combined brand value of automotive brands in this year's Best Global Brands index

Move: Overview

ACES (Autonomous, Connected, Electrified, Shared) technologies are the four major elements driving the future of automotive. Here's how they work

ACES: AUTONOMOUS

Many look to autonomous vehicles as the next stage of the current ride-sharing industry, and capital is rushing into the space. Currently there are over 40 companies pursuing autonomous technologies, including traditional manufactures such as Cruise by General Motors, newer entrants such as Tesla, rideshare companies like Uber, technology companies, and privately held companies trying to make a name in the space. Among the technology companies, Alphabet Inc's Waymo and Baidu are notable for taking divergent approaches to the market.

Waymo, a subsidiary of Alphabet Inc, was spawned in 2009 and has a strong focus on building its Waymo One commercial self driving service to disrupt the existing ride-share market. The commercial robotaxi service launched in Phoenix, Arizona and provides on-demand cars on a 24/7 basis. While the service currently uses safety drivers, Waymo has reached another milestone by being the first to receive a permit from California to test fully autonomous driverless cars on public roads.

Baidu has taken a different approach, seeking to capitalize on the power of open systems with its Apollo platform. Baidu provides APIs (programming interfaces), simulation engines, reference hardware and open source code to fuel its platform that boasts over 100 partners. These partners range from top universities in China, to government agencies, to Daimler and Honda. While Waymo is building closed systems, Baidu is seeking to mimic the success of the Google Android mobile operating system; an interesting twist in strategy for these two competitors. The Apollo platform is slated to be capable of level 4 autonomous driving on highways and city roads by 2020.

Uber, meanwhile, started testing its self-driving vehicles this fall in Dallas, Texas. While the company is pursuing a similar business model to Waymo, Uber's self-driving efforts were materially set back with a fatal crash in 2018 involving one of its vehicles which struck a pedestrian crossing a street. The company responded by halting its testing for approximately 9 months. There is a perception that the company needs to overcome that its algorithms and process lack rigor when compared to Waymo and others.

ACES: CONNECTED

Connected vehicles use wireless networks to communicate with their environment and each other. And while this has implications for autonomy, more frequently the goal of the connected vehicle is to provide an enhanced information flow so that its human driver can make informed decisions. This data is the basis for advanced driver assistance systems. Department of Transportation data shows that there are over 5 million crashes annually in the United States and that 94% of serious crashes are due to human error. Driver assistance and warning systems are seen as vital tools to reduce recognition and decision error, the top driver-related reasons for vehicle crash.

The build-out of 5G cellular networks is going to be very useful to the development and innovation of connected vehicles, as it will improve speed and reduce latency of communications.

ACES: ELECTRIFIED

There is a view that electrification of the automotive industry is an inevitable event, with the main question being timing. Toyota, the top ranked automotive company in the 2019 Best Global Brands (#7 overall), is a pioneer in electrified vehicles, and launched the first mass-produced hybrid in 1997. The company has been a consistent sales leader with its Prius, a vehicle that has tremendous brand value in its own right.

However, the gasoline combustion engine currently forms a major part of the automotive landscape, the industry is engineered to produce combustion vehicles on a mass scale, and sales of electric vehicles in the United States barely take 1% of the total market. The industry is poised, however, for customer desire and orders of electric vehicles to reach a tipping point.

There is an Iconic Move waiting for all participants as the industry retools around electrification. As efforts to reduce and prevent carbon-dioxide emissions grow, consumers are expected to increasingly require a product that provides pleasing acceleration, with minimal maintenance and no oil, producing clean, fume-free power and the ability to charge at home.

ACES: SHARED

Is car ownership a joy or a burden? For a growing set of people, the answer is neither. The average age of a car owner increased by over 6 years in the last decade from 43.5 years in 2000 to over 49 years in 2009 according to a recent report from the United States Federal Reserve board. Other studies have shown that ownership of an automobile is losing its allure with a younger consumer who can increasingly meet the need for transportation without car ownership. The concept of a large asset that sits idle up to 23 hours each day, combined with new ways to access a car, is creating a view that ownership may be non-essential.

The migration to non-ownership is positioned to accelerate as two factors collide with the industry – ride-sharing and self-driving vehicles. The proliferation of ride-hailing apps such as Uber or Lyft, hand-in-hand with house-sharing on AirBnB and the rise of the subscription economy, have contributed to an attitudinal shift in the concept of ownership among under-35s, especially regarding big ticket purchases like automobiles. On-demand access to an asset, rather than ownership, is growing increasingly common. The economics of car ownership are under question.

If the reason behind owning an automobile is functional transportation, then look no further than Uber for a solution. The ride sharing company is one of three new entrants in the 2019 Best Global Brands, and entered the rankings at #87 with a brand value of $5.7 billion. While still growing from a brand perspective, Uber may have already reached its peak value from an investment perspective. The company was expected to break the $100 billion valuation shortly after its public offering, with its last private funding raised at $72 billion in 2018. Interestingly, that was to pursue autonomous mobility as a service. The pending rise of autonomous mobility services, a market that Uber seeks to exploit, is itself also a risk to the company.

WHERE ARE WE GOING?

Simon Thun
CEO, Central & Eastern Europe, Interbrand

Benjamin Moncrieffe
Head of Auto+, C Space

Automotive brands are going to have to take some previously uncharted routes if they want to survive; the sector is looking ripe for disruption by technology, new entrants and rapidly changing consumer demands

THE CAPITAL-INTENSIVE NATURE OF THE AUTOMOTIVE INDUSTRY, WHICH ONCE SERVED AS A BARRIER TO ENTRY, IS IN FACT BECOMING A LIABILITY

For a long time, automotive has accounted for the largest sector among the Best Global Brands. In 2019, 15 of the top 100 brands were automotive Original Equipment Manufacturers (OEMs), thriving on global business reach in a high-involvement category where brand plays a vital role. And most of these brands have been successful for decades. But today, this industry is under pressure. Tech brands have quickly become the dominant sector in the ranking – both in terms of numbers, but even more so in terms of brand value growth.

One factor that we believe could define the next generation of auto manufacturing is a pivot from being hardware companies to software companies. Currently, about 90% of the value of an automobile lies in the hardware, but this is changing. New entrants are proving that the capital-intensive nature of the automotive industry, which once served as a barrier to entry, is in fact becoming a liability. Electric vehicles are very different beast to the internal combustion engine vehicles we drive today, essentially computers with wheels, rather than composite machinery.

This diminished complexity lowers barriers to entry significantly for new entrants. Tesla is the perfect example. For a company barely 16 years old, it has a larger market capitalization than Ford, which literally invented modern motoring, and isn't far behind General Motors, despite manufacturing fewer new vehicles by many orders of magnitude. While Tesla's brand value is lowered by the missteps of its CEO and a couple of high-profile incidents, it's demonstrated that disruptive technology is creating lucrative, scalable business models within the automotive space.

Just who traditional automakers will compete with in the future is hard to say. As building vehicles becomes much less complex, what's to stop car brands becoming like Apple? A car company could essentially just become a brand, designing in Silicon Valley but outsourcing everything to China. What's to say Apple or Samsung won't make a vehicle? Google already has Waymo, after all.
But it's the onboard computer systems that will be the next battleground for auto supremacy. Software competence is increasingly becoming one of the most important differentiating factors for the industry, for various domain areas, including advanced driver-assistance systems, active safety, connectivity, and infotainment. And developments in related ecosystems like 5G in telecommunications will further accelerate this and contribute to industry growth.
Morgan Stanley predicts that in autonomous vehicles, 40% of the value of an automobile will come from hardware, 40% from software, and 20% from the content that streams into the vehicle. Other surveys indicate the quality of a car's onboard technology accounts for as much as 50% of purchase decision-making.

It is the onboard technology of a vehicle that will differentiate it against competitors. User-friendliness and available features certainly contribute to this differentiation, but unlike a smartphone, which the average person upgrades every 2 years, one is likely to hold onto a vehicle for at least 7 years, making upgradability of tech prerequisite.
In the near future, as driverless, or driver-assisted vehicle become more common, how a vehicle entertains – how it creates a platform for drivers and passengers to use their time in transit to consume novel forms of media and services, or dedicate the freed-up time to other personal activities – will encourage purchase decision.

Auto brands' differentiation in the future will be reliant on creating a unique brand experience. Most of the features available in cars today – GPS, connectivity, driver assistance, safety features – are essentially one and the same. Think about a sports car that could track a users' heartbeat or adrenaline. Or how Tesla's giant screen has Atari video games onboard to keep you entertained while charging the battery. Tech that keeps kids entertained for long journeys, beyond screens in the back of the seats. Everything you can order from home via a digital assistant, you will order from your car. These are the sorts of brand experience innovations traditional automakers need to be thinking about. In this context, deep customer understanding helps to drive much greater relevance.

With the sharing economy two trends converge. As the importance of private-car ownership declines, so the shared vehicle revolution grows in importance to auto manufacturers. According to McKinsey, up to one out of ten cars sold in 2030 could potentially be a shared vehicle, diversifying further the auto market towards on-demand mobility services and data-driven services. With the current utilization of cars being only 5%, an increase in the utilization of shared car services has the capacity to reduce world car sales by up to 50%.

Owning a self-driving vehicle that could essentially pay for itself – by driving those who need a lift around at night before arriving back on your driveway before work – may seem like science fiction, but is a reality auto brands are preparing for. Imagine Uber, without the Uber driver. A sort of urban diaspora will factor into this uptake. Consider that in 1970, just 30% of the population lived in urban areas, yet, by 2050, 66% of a much larger global population will live in cities and urbanized areas. Consider also Europe, as an example, where some 81 million people will be living in large urban areas by 2021, yet only 46 million of them will have a valid driver's license. We're approaching a ▶

A car company could essentially just become a brand, designing in Silicon Valley but outsourcing everything to China.

Move: Brand Landscape

▶ world where there will be more people than ever, but fewer of them driving. Public transport can only cope so far. The incentive to own a car will be compounded by a reduction in the cost of ownership, offset by ride sharing. This is hugely disruptive to traditional revenue streams of auto brands.

While these services may cause a decline of private vehicle sales, in theory, it could be offset by an increase in shared vehicles. If your car is driving people around all night, it seems likely it will need to be replaced more often due to far higher utilization and related wear and tear. The sorts of cars people in cities require, compared to those in rural areas, will be more distinct than one another not just in utility, but shareability.

Plainly, the nature of the relationship between car brands and consumers is changing. They will move from product brands to service brands. But an often-overlooked element is that these mobility solutions mean the car brand will become a lot less visible, leading to issues around brand loyalty.

If your only interaction with a car is someone else's shared vehicle, booked through an app, brand takes a back seat to price and utility, availability, comfort, ease of use and reliability. This is entirely different from the world of vehicle purchase decision-making where quality, reliability, brand perception, driving experience and total cost of ownership are principal considerations.

With lower visibility, what can car brands do to encourage purchase when a younger consumer wants their own vehicle? First, the automotive industry must view the future needs of car consumers based on what a car 'does' not simply how it 'drives.' We are about to witness a paradigm shift from auto manufacturer to mobility as a service.

The Best Global Brands 2019 report shows that the fastest-rising brands and businesses are those that are firmly built around people's needs and that constantly evolve to provide immediate, seamless and often simultaneous access to knowledge, relationships, experiences, products and services. Auto brands exemplify this notion.

In many senses, brands are replacing sectors. Over the past few years, the sources of competitive advantage have shifted from the supply side – such as manufacturing and economies of scale – to the demand side, such as needs and attention. Therefore, while we have traditionally been accustomed to making sense of the business world through the lens of supply – ie sectors, industries, competences, product categories – today's economic reality can only be understood through the lens of demand – ie needs, desires, experiences, benefits.

This will inevitably force traditional car manufacturers to compete on multiple fronts. As mentioned throughout this piece, the pace of innovation and competition to the auto industry comes mostly from outside of it. Uber and Amazon could be more of a threat to Nissan than Toyota. These shifting market positions in the evolving automotive and mobility industries will potentially lead to consolidation or new forms of partnerships among incumbent players. When you take away the steering wheel, consumers are much less likely to care what type of car they are in. A BMW Group survey last year found that 73% of people would change their car brand for a comparable one if that brand would allow them to bring their digital lives into their new car. The new battleground will be technology and experience. Strides have already been made to achieve this – for example Toyota's self-driving vehicle collaboration with a motley line-up ranging from Amazon to Uber to Pizza Hut – though it is uncomfortable for traditional carmakers to do so.

Unsurprisingly, firms like Google and Apple, and Baidu in China, are way ahead of the in-car tech game. Uber and Lyft, and DiDi in China, dominate ride sharing. To maintain brand relevance and longevity – and the largest slice of the auto industry pie – viewing your competitors as collaborators that can embellish the car experience is essential to win over the next generation of buyers.

81m

Europeans will be living in large urban areas by 2021, yet only

46m

of them are likely to have a valid driver's license

Iconic Moves: How auto brands can avoid the tech trap

There is a real risk for automotive brands of disappearing into a technology platform and losing their direct connection to customers, merely relegated to the role of a replaceable widget. However, there is also an opportunity for strong and trusted automotive brands to drive the future of mobility. Instead of trying to chase too-rapidly-evolving customer expectations, traditional automotive brands need to think about how they can leap ahead to actively set and shape the customer experience themselves. Here are some of our recommendations:

REDEFINING THE ROLE OF THE VEHICLE IN MULTI-MODAL MOBILITY ECOSYSTEMS

Pushing to be a recognized part of the consumer's transit experience in a shared mobility environment, including efforts to move into public transport.

DIRECTION

Being clear and specific about which business they are in – and then implementing change in that direction. Claiming to be a mobility provider in order to mainly sell vehicles is not a solution.

PURPOSE

Defining a credible and clear expression of the brand's reason for being to provide guardrails for the desired trajectory of the brand and allowing for success to be driven from within rather than being forced to change by regulation or desperation.

(RE)DEFINITION

Assessing the brand through a customer-centric lens to solve customer needs and wants and to avoid the pitfalls of incremental product changes when customers are asking for material changes.

ALIGNMENT

Product initiatives, customer desire, and brand need to align on trajectories, and Iconic Moves need to be done at the core of the brand, not at the periphery or in sub-brands.

CULTURE

The future requires new skills and new ways of working. Within the organization there needs to be an environment that fosters reassessment, refinement and context, extending from senior leadership to assembly line workers.

TOUCHPOINTS

Omnichannel touchpoints to intertwine brand experience into the customers' life creates a stronger bond. This is true both online and offline. Complementary paths to engage customers in a brand experience should be sought and maximized, including partnerships with subscription and platform companies. New customers in the mobility market are likely to have a very different mindset to previous generations.

VIEW FROM THE INSIDE

If you want to know what's going to happen in mobility, it's best to ask the people driving the changes. Industry insiders from Toyota, Mercedes-Benz, Volkswagen and MINI share their thoughts on the next revolution

#07 TOYOTA

+5% 56,246 $m

> **DUE TO CHANGING CUSTOMER VALUES AND EXPECTATIONS, WE'RE EXPERIENCING A SHIFT IN THE CONCEPT OF THE AUTOMOBILE. IN ORDER TO MEET BUT ALSO EXCEED THESE NEW EXPECTATIONS, WE MUST ANSWER WITH A CHANGE IN OUR BUSINESS MODEL**

WHAT ARE THE TRENDS SHAPING THE MARKET, AND HOW IS TOYOTA RESPONDING TO THOSE?

Over the past century, an estimated 15 million horses in the United States were replaced by the same number of cars. We may now be facing a paradigm shift of equal, if not greater, magnitude. Every day, we are constantly reminded that the automotive industry has entered a once-in-a-century period of profound transformation. Technological innovation in areas such as electrification, automation, connectivity, sharing and more is advancing rapidly. A contest with new rivals, under new rules of competition, has started. The very concept of the automobile is on the verge of changing.

Through technology, cars will (by being connected to communities and to all kinds of services that support people's daily lives) become a part of our societal systems. This means that there is the possibility that the conventional business model of the automobile industry will fall to pieces. Having entered such an era of profound transformation, we need to completely redesign Toyota from just an automobile manufacturer into a 'mobility company' or 'mobility service provider' – a company that provides mobility itself and all kinds of services related to mobility.

WHAT IS NEEDED TO RESPOND TO THE RAPIDLY CHANGING EXPECTATIONS OF PEOPLE AND SOCIETY?

Due to changing customer values and expectations, we're experiencing a shift in the concept of the automobile. In order to meet but also exceed these new expectations, we must change our business model. Without clinging to go-it-alone development, we should develop together with those who share the same aspirations. Rather than building up a wall around our patents, make them open and increase the number of our friends. Sell not only cars, but also systems that match customers' needs, as a package. In other words, we believe in transforming conventional concepts and broadly pursuing, with openness, contributions that will help improve society and will lead to a new business model.

From here on, we will be entering an era in which information will link all the items and services that support people's daily lives. We will not be just treating cars as a separate business but thinking about mobility from a broad community-level and society-level perspective that includes cars – the concept of 'connected cities' will become important.

WHAT DO YOU SEE AS THE FUTURE FOR YOUR BRAND?

Going forward, 'creating friends' will become a key concept. We believe that what is required of us is that we cooperate, while sharing our goals regarding what kind of future we want to create, recognizing each other's strengths, and strengthening each other's competitiveness.

From Toyota's perspective, we want to aim toward achieving the creation of a society that is kind to the environment, a society in which there are no traffic accidents, and a 'Fun to Drive' society in which the freedom and joy of mobility is made available to all people. However, Toyota alone cannot create the future that it desires. We would like to strengthen coordination not only with Toyota Group companies but also with other car manufacturers, as well as with friends who will provide all kinds of services that will support connected cities. In pursuing such initiatives, we believe that the road will open up to us towards becoming a mobility service platform provider ('platformer'), which is the business model that we are aiming for as a mobility company.

" NOTHING IS MORE VALUABLE THAN THE INCOMPARABLE BRAND HISTORY WE HAVE AS THE INVENTOR OF THE AUTOMOBILE. AND NOTHING WOULD BE MORE FATAL THAN TO BELIEVE THAT WE WILL THEREFORE AUTOMATICALLY BE SUCCESSFUL FOR THE NEXT 133 YEARS

#08 MERCEDES-BENZ

+5% 50,832 $m

Bernd Stegmann
Director of Brand & Marketing Strategy,
Mercedes-Benz

HOW DO YOU SEE THE ROLE OF YOUR BRAND CHANGING?

For the Mercedes-Benz brand to be just as successful tomorrow, it must be able to respond very rapidly and undergo a permanent and confident transformation. The central strategic task of marketing is to systematically establish an authentic worldwide brand experience on the basis of data-driven marketing, a newly organised agency network and the 'online to offline' analysis of relevant customer insights at all customer contact points. The incomparable brand history and the future of the brand must be authentically interwoven with this, so that our sustainable and modern luxury brand continues to give people orientation in a volatile world. This is why as the inventor of the automobile, we have systematically linked our brand claim 'The Best' with our purpose: 'First Move The World'.

WHAT ARE YOU DOING TO STAY AHEAD OF YOUR CUSTOMERS?

Creating a social purpose beyond the actual business purpose of the company is increasingly becoming a factor in why customers feel an affinity for a brand, place confidence in it and prefer it to other brands. If we as a brand act in an innovation-driven, responsible and purpose-related manner for society at large, this creates confidence in the future. It makes a valuable contribution to ensuring that the world of tomorrow is better than that of today. Present and future customers of Mercedes-Benz will in turn honour this with their buying decisions, and smooth the brand's path for growth into the future. We are guided in this by a one-to-one approach: every present and future customer wishes to be individually addressed and served by Mercedes-Benz in accordance with his or her very specific needs and personal situation. The mobility needs of a customer living in an Asian metropolis are very different from those of a customer in an American suburb. Accordingly, every individual customer receives personalised information relevant to his or her needs from Mercedes-Benz in a continuous dialogue, for example via our Mercedes 'me' app.

HOW DO YOU KEEP TRACK OF YOUR CUSTOMERS' SHIFTING EXPECTATIONS?

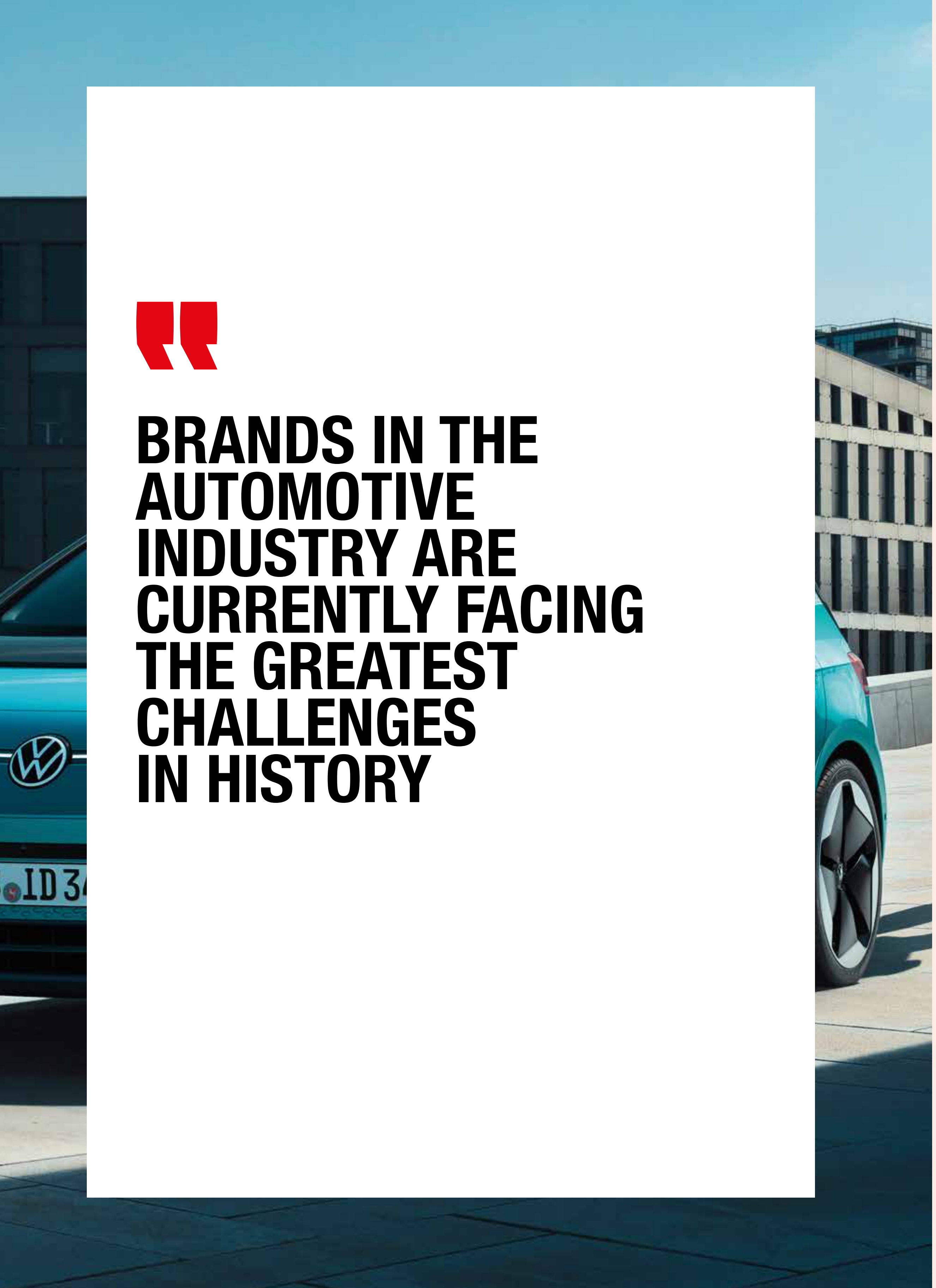
To identify new and future expectations we naturally enter into a dialogue with our customers. At the same time we make use of numerous methods by which we can recognise future needs at an early stage. These range from swarm intelligence, innovative market research approaches and data analyses to social listening in social media. In this way we learn more on a daily basis, so as to meet our brand claim 'The Best' as well as possible into the future.

WHAT DO YOU SEE AS THE BIGGEST OPPORTUNITIES FOR YOUR BRAND?

Completely reinventing mobility in a competitive environment where established and new competitors are constantly battling for customers. The CASE topic areas 'Connectivity, Autonomous Driving, Shared/Services and Electromobility' [Also known as ACES ¬– Ed] have already been systematically realigning our entire group for a number of years, so that our brand can develop further on a future-oriented basis.

WHAT ARE THE BIGGEST CHALLENGES FACING BRAND LEADERS TODAY?

Nothing is more valuable than the incomparable brand history we have as the inventor of the automobile. And nothing would be more fatal than to believe that we will therefore automatically be successful for the next 133 years. The competitive environment, technological progress and social changes are more complex than ever – which is both a challenge and a motivation. We constantly take new departures but we continue to sleep well at night, because we will also offer our customers the best mobility in the future, and thereby maintain their enthusiasm for Mercedes-Benz.



BRANDS IN THE AUTOMOTIVE INDUSTRY ARE CURRENTLY FACING THE GREATEST CHALLENGES IN HISTORY

Dr. Gilbert Heise

Director, Brand Strategy & Customer Insights, Volkswagen

#40 VOLKSWAGEN

+6% 12,921 $m

HOW DO YOU SEE THE ROLE OF YOUR BRAND CHANGING?

In general, the role of brands is more important than ever before. What has changed is that a brand is no longer just acting as a communicator of product substance and quality and providing a frame of reference for product selection. Instead, customers increasingly expect brands to provide a meaning. Moreover, at its core, brands must convey a sense of value.

A good example of this is Patagonia. Customers buy products for outdoor use from Patagonia because of its high quality – but also because of the brand's consistent focus on sustainability. The longevity of its products allows customers to buy products 'for life' and doesn't force them to keep buying newer versions of the same product.

This connection and the understanding of a deeper 'purpose' is important to me. And if a company is consistently delivering proof points to customers through its attitude, such a purpose no longer has to be communicated with a claim or a tagline.

At Volkswagen, the corporate purpose defines the framework of the new brand strategy. The entire company is geared to its purpose. It is our inner compass. Ideally, the new brand logo will (again) become a 'symbol of trust' – and it doesn't need a claim or slogan, because people will feel the attitude and spirit of the company.

WHAT ARE YOU DOING TO STAY AHEAD OF YOUR CUSTOMERS?

The fundamental expectations of the customers have not changed, but the decoding and relative weighting have. In the past, cars were often status symbols of deliberate segregation. 'Bigger' signaled better, and the cars conveyed the feeling of taking a certain position in society.

While the same desire is still there today, it appears differently: Today, for example, one takes up a position by completely abandoning the car; or, by experiencing a more sustainable automobility. It is still a matter of positioning in society. What has changed is the decoding.

WHAT DO YOU SEE AS THE BIGGEST OPPORTUNITIES FOR YOUR BRAND?

Brands in the automotive industry are currently facing the greatest challenges in history. On the one hand, combustion engines still exist. On the other hand, new engine technologies offer unprecedented opportunities for sustainable business – from production to recycling. In this situation, manufacturers must be able to communicate through their products, attitudes and approaches that individual mobility can continue to exist if technology is used in the right way. Only by doing so, we will be able to offer fascinating and emotional as well as reliable and environmentally friendly mobility.

Volkswagen has invested a great deal in this area in recent years and has brought new mobility concepts to market maturity in a short period of time. From an internal perspective, the company is now completely renewed and equipped for the future. On the customer side, however, there is still uncertainty as to how mobility and drive technologies will continue. Here it will take time and communication effort to change attitudes and ultimately images.

WHAT ARE THE BIGGEST CHALLENGES FACING BRAND LEADERS TODAY?

One challenge is that the brands must also provide a purpose. And not just to follow a fad or pretend to. The purpose of the brand must be lived throughout the entire company. The important part is to really take everyone along on this journey.

FAST AND RELEVANT INNOVATION IS THE KEY DRIVER TO BRAND SUCCESS. BRANDS CAN BECOME OBSOLETE AND LOSE RELEVANCE VERY QUICKLY

Bernd Körber

BMW Group, Senior Vice President, Mini

#90 MINI

+5% 5,532 $m

HOW DO YOU SEE THE ROLE OF YOUR BRAND CHANGING?

The role of the brand has not changed from my perspective. What has changed are the customer expectations about how this role can be fulfilled and the speed at which new requirements are developing. Fast and relevant innovation is the key driver to brand success. Brands can become obsolete and lose relevance very quickly.

Within the last year we have for example seen in many markets a tipping point moving towards increased electromobility, driven by regulation, improving infrastructure and a broader offer portfolio. That triggers demand and with that the race to be a pioneer in that new field. Electromobility is not just a new engine type but also requires an entire new ecosystem of products and services around it. To develop that ecosystem around the core requirement of emotional products is one of the key possibilities for brand differentiation in the mobility industry.

WHAT DO YOU THINK ARE THE PATHWAYS TO GROWTH IN THE CURRENT LANDSCAPE?

Growth will always be driven by innovation. It will continue to come from developing vehicle concepts and key technologies in sustainable drivetrains, autonomous driving and connectivity. But that is not enough for success. New business models in mobility as well as the services around the product need to ensure access to the diversifying segments of mobility.

As an example, we decided to integrate a peer-to-peer sharing functionality with an electric key in the MINI ELECTRIC – the reason was that we clearly identified the needs of our urban customers to share their car with friends, family and neighbors. With limited parking spaces and increased living costs the ability to share a car easily can be a defining factor for purchase

WHAT ARE YOU DOING TO STAY AHEAD OF YOUR CUSTOMERS?

Traditional reasons for purchase in the car industry and long-term features that defined premium are transforming. For example in China, connectivity is defining premium appeal now more than driving dynamics or design. At the same time regulation impacts customer behavior. Both driving forces then differ across regions and markets. If you want to be a relevant global mobility brand you have to nurture flexibility and agility. That means on top of a solid strategic direction your tactic capabilities in brand management need to be strengthened. For me that requires a stronger diversification of the teams in terms of background and skills, analytics capabilities to track real time performance issues in products and services and thirdly the ability to react fast in terms of decisions process and resource allocation

WHAT ARE THE BIGGEST CHALLENGES FACING BRAND LEADERS TODAY?

You need to have a firm understanding of the purpose of the brand for the customers and then fight for what's needed. To get these insights a clear direction needs to be combined with humbleness, and openness. I am a strong believer in the combination of analytics on the one hand and personal interactions on the other hand. MINI is a community brand; our fans and our team need to shape the brand together. MINI is celebrating its 60th birthday in 2019 – the personal stories that many MINI fans shared with us are my strongest motivation and the responsibility that comes with that is a constant challenge, but we would not be MINI if we could not have fun along the way.

THE CONSUMER PERSPECTIVE

WHERE IS THE BUYER?

Benjamin Moncrieffe
Head of Auto+, C Space

Our Customer Agency, C Space, has been busy analysing the automotive and mobility sectors, so here are some in-depth insights into increasingly vital areas like identity loyalty and automotive choice

Move: Consumer Perspective

GENERATION Z HAVE LITTLE INTEREST IN OWNING A VEHICLE, AND AT C SPACE WE SEE AN EMERGING STIGMA TO IT

Mobility is a fascinating area at the moment. It's like the Wild West – it's all up for grabs. Non-traditional mobility companies from finance, insurance, technology and even consumer goods are looking to annex chunks of territory in the area.

The old-established car brands are rushing to reshape their future strategies in the light of a potential sea change in customer attitudes. One question, though – have they been a bit hasty in their choice of direction?

There have been many research hours spent recently on mapping the needs and desires of Generation Z. The results are certainly interesting, and potentially worrying, for the long-term future of the automotive industry.

Data tells us that Gen Z are thoroughly used to subscribing to services to meet their needs; from Netflix to Uber Eats, Amazon Prime and Spotify, their lives are designed around the idea that they can consume whatever they like with one click. Car ownership is no different; they have little interest in owning a vehicle, and at C Space we see an emerging stigma to it. Even the Zipcar model of short-term rental is starting to look a little old-fashioned compared to a full subscription service.

But if we look at Gen Z's predecessors Millennials, we see another trend that may give some comfort to manufacturers. Millennials simply do things later. They get married later, buy houses later, have kids later and buy cars later. In the US (2015) millennials bought 4 million cars and trucks – second only to boomers. In the country's biggest car market (California), Millennials outpaced Boomers for the first time (see: Goldman Sachs Global Investment Review, Pew, Google Global Auto Survey 2016). Maybe manufacturers should consider whether Gen Z will hold on to their values and ideals as the reality of #adulting sets in.

Another worrying trend we regularly hear is that Gen Z often interact with mobility through technology platforms like Citymapper or Uber, meaning that the classic car ownership model where an automotive brand has direct contact with its consumers may die out over time.

Again, the data paints a somewhat different picture. Sure, mobility services are ubiquitous in urban centres (London, New York, LA, Tokyo, etc…) but have yet to realise their full potential in a broader mass market. 50% of UK consumers are unfamiliar with mobility services. 70% of UK consumers say they've never used mobility services (Google Consumer Surveys, UK 2017).

For customers who are aware of it, Uber changed the game by tapping into consumers' quest for information. Building transparency and feedback into the service brings its users peace of mind. In advance, you know the journey and cost; the driver (and their rating), the car make and model – and then you get real time information on where the vehicle is (throughout the journey) and the ability to give real time feedback (ranked most important to least important). When travel plans are disrupted and consumers are forced out of their routine, anxiety follows. In these times, they crave the psychological safety of a service that's looking out for them.

Could trusted car brands launch their own apps – say, BMW building a Citymapper-like platform linked to their DriveNow car sharing service – to leverage the advantage they have with consumers both inside and outside of the urban environment and provide a competitor to Uber?

Now, let's look at a different set of consumers – the ones who are actually buying cars today. Of course they're older than Gen Z – a lot older – but they have money to spend; in the UK, for instance, 75% of wealth resides with the over-50s.

Many also have an almost tribal attachment to their chosen automotive brand. It's a textbook example of what Wharton School Professor Americus Reed II calls 'identity loyalty' – how a person's psychological and emotional connection to what a brand means and stands for gets internalized and becomes a part of who they are. Brand is important to them as a signifier of who they are and what their social status is. For instance, many Jaguar buyers, we've found, would certainly consider the marque's new electric I-PACE, but wouldn't countenance a Tesla under any circumstances. That brand (and its rather divisive CEO, Elon Musk) didn't say the right things about who they thought they were.

The role of brand in purchase decisions is still pronounced among car buyers, from America's infatuation with Toyota and Nissan sub-brands Lexus and Infiniti, to China's status-driven love of upmarket German brands like BMW, Audi and Mercedes. And this may well continue to be important, even in a subscription-driven model via a tech platform. It's identity loyalty again.

So why are OEMs focussing so hard on young people and their fickle, morally-driven demands? Of course, they're the future and you'd be stupid to ignore that (though whether their youthful idealism survives contact with the responsibilities of adulthood is a good, question; our research suggests their priorities may well change in later life).

But making sure that existing customers are well catered for remains just as important as chasing the younger market, if not more so. Yes, save the planet and look at reinventing your ownership model – but don't ditch your faithful fans just yet.

Could trusted car brands launch their own apps, to leverage the advantage they have with consumers?

TAKE YOUR BRAND FURTHER

By now you will have seen our Best Global Brands 2019 list. You may be thinking 'How can my brand join that list?' or 'How can I improve the value of my brand?' Here are some of the ways we can help make that happen

DEPARTURE POINT SESSION

Assess the performance of your brand through the lenses of Human Truths, Experiences and Economics. Establish what needs your brand is addressing, what interactions it has with audiences, and what the business model, competitive landscape and relative performance look like within this context.

AMBITION SESSION

Identify your brand's farthest-reaching business goal: its Ambition. Stretching into the long term this ambition should be simple, challenging, compelling – and underpinned by clear KPIs. The resulting ambition will command commitment, demand measurement and stand powerfully as an act of leadership

ROADMAP SESSION

An initial baseline examination of your brand by assessing its performance across Interbrand's ten proprietary Brand Strength dimensions. Identify areas of opportunity to improve the brand and define an initial activation roadmap with clear measures of success.

ICONIC MOVES DIAGNOSTIC SESSION

Explore the signifiers of an Iconic Move within your category and identify those that offer your brand the most promising growth trajectory. At Interbrand, we focus on those moves that reframe customer expectations – actions that can sway the way people within or outside an organisation think, choose and behave – and create the most growth.

PEOPLE PULSE ACADEMY WORKSHOP

Your talent is your lifeblood. Brand Clarity, Commitment and the Confidence of your team is vital to sustaining any moves you are making as a business. Through one of our Academy workshops, we will map how your culture and learning is set up for, and can deliver on, your ambition.

Contact: Gonzalo Brujó
Global Chief Growth Officer, Interbrand
GBrujo@interbrand.com

The Interbrand Group of Companies:

Interbrand

c_space

HMKM

EDITORIAL

Sophie Gaskill
Chris Maillard
Amadeus Redha
Dan Sills
Ruth Goodman

DESIGN

Ross Ellis
Jess Appleton
Dan McLaren
Joe Swainson
Natalie Hobbons
Samuel Foxton
Grace Cox

WITH THANKS

Andy Payne
Daniel Binns
Manfredi Ricca
Joe Stubbs
Katherine Mok
Tina Goldstone
Christina Baker
Riyad Mammadyarov
Maria Barea
Manuel Baptista
Martha Jacobs
Colin Gillis
Chatham Road Partners

Interbrand

Best Global Brands 2019

The ranking of the 100 most valuable global brands

#BGB2019
#IconicMoves